Hammerson Basis of Reporting for our Environmental and Social Impacts

Introduction

This document sets out the basis under which Hammerson reports on the environmental and social impacts of our business activities. It provides information on our approach to reporting our environmental and social impacts in support of our overall sustainability strategy, compliance with mandatory Greenhouse Gas (GHG) emissions reporting requirements, and our annual voluntary non-financial reporting.

As a UK plc, Hammerson is required by the UK Companies Act to disclose important information related to our direct and indirect carbon emissions in our annual report and accounts. Our commitment to sustaina reporting also provides evidence that the Board is able to properly address our social and environmental responsibilities and any identified risks that arise from them.

Hammerson Sustainability Strategy

In 2007, we set out our approach to corporate responsibility, which focused on five areas identified through a materiality assessment. In 2010 we reviewed our corporate responsibility strategy and approach with the support of independent advisors, Jones Lang LaSalle and Forum for the Future. Through this process, we developed our sustainability framework, Positive Places, and established medium-term sustainability targets for the business for 2010 – 2015. A new set of corporate sustainability targets were established for 2016 – 2020.

Net Positive

In early 2017, as a part of our Positive Places strategy, we published an additional set of targets to be "Net Positive" for carbon emissions, water consumption, resource use and socio-economic impacts, four areas where we have the greatest impacts, by 2030. Net Positive means reducing our negative impacts to zero and then beyond zero – to make sure that we make a Net Positive contribution to the environment and to society. We have set out baseline data in an environmental footprint and a socio-economic footprint along with an intermediate five-year target, and made a commitment to report on our progress against these targets each year.

Our Material Impacts

Our material impacts are both social and environmental. The majority of these impacts flow from the operation of our managed real estate assets which include retail parks and shopping centres in the UK, Ireland, and France. These are:

- Energy consumption
- Waste generation
- Water consumption

Our sustainability strategy includes the measurement and reporting of these impacts on an annual basis demonstrating like-for-like, absolute, and intensity metrics for each.

The material social impacts of our assets are also monitored. They are key assets within the communities they serve and our research has shown they generate significant local social benefits. We therefore track and report our community engagement activity.

We conduct a materiality review on a four yearly cycle which evaluates what our impacts are in the ever-changing sustainability landscape and that our sustainability targets continue to align with those impacts. Our latest Materiality Study was conducted in 2018 which supported the review of our targets in the same year. Emerging material issues have come to light through the 2018 review which helps us to ensure our focus remains on the right issues. The priority and emerging issues are covered in the Sustainability Report 2020.

Hammerson Corporate Responsibility Processes

External, long-term Sustainability targets are set by the Sustainability Team and approved by the Positive Places Corporate Responsibility Board and Group Executive Committee. Annual Sustainability objectives and targets are then set within asset business plans to achieve these. Regular meetings allow progress to be monitored by the Sustainability Working Groups in France and in the UK and to be reported quarterly to the Executive Group and Corporate Responsibility Board. Our progress against our sustainability measures is assessed each year and we report this externally through our annual Sustainability Report. We obtain independent assurance on selected sustainability disclosures within our Sustainability Report and sustainability targets by Deloitte LLP and verification of our compliance with the EPRA and GRI reporting requirements through JLL Upstream.

Reporting Boundaries

The following sets out how we have reported our GHG emissions for 2020.

Our reporting boundaries are set in accordance with Global Reporting Initiative guidance. We report on those impacts over which we have control or significant influence. These include:

- all such impacts at assets that we own and asset manage directly (including strategic assets where we are responsible for supplies);
- assets in which we have a joint venture interest and asset manage directly; and
- all assets we engage a third party directly to manage on our behalf.

Where we are undertaking development activity we require our contractors to provide energy, waste, water, and community engagement data to us for monitoring purposes. The data is reported within our Sustainability Report but is not included within our carbon emissions reporting at Group or Portfolio level.

We do **not** report on impacts from tenant controlled areas of assets as we have no control or significant influence over their management or operation. We do however include tenant utility consumption drawn from landlord purchased supplies. Where this is sub-metered we report it separately in our Sustainability Report for further clarity on landlord-only utility consumption at our assets.

Our Net Positive targets do include carbon emissions from regulated utility consumption in the tenanted areas of our assets. We have therefore included these in our overall carbon footprint and will be reporting against them in our voluntary disclosures from 2020 onwards.

A full list of assets included within our Sustainability reporting is available on page 110-111 of the Sustainability Report 2020.

We segment our reporting between the Annual Report and Accounts and the Sustainability Reports as below for greenhouse gas emission reporting:

Annual Report and Accounts	The GHG table includes Group greenhouse gas emissions from our total operations including: • Shopping centres • Retails Parks • Strategic assets where we are responsible for supplies • Corporate offices

	Scope 3 includes: • Corporate Travel • Waste emissions arising from the above asset operations • Water emissions arising from the above asset operations Scope 1,2 and 3 emissions include tenant utility consumption drawn from landlord purchased supplies
Sustainability Report	Scope 1 and 2 emissions include greenhouse gas emissions from our operations within the below portfolios, excludes emissions from tenant utility consumption drawn from landlord purchased supplies: • Shopping centres • Retails Parks • Strategic assets where we are responsible for supplies Scope 3 includes: • Waste emissions arising from the above asset operations • Water emissions arising from the above asset operations • Emissions from tenant utility consumption drawn from landlord purchased supplies. Emissions from corporate offices and travel is reported separately and not included in totals found in the carbon data tables.

EPRA

In accordance with the European Public Real Estate Association (EPRA) reporting standards we provide data on a like for like portfolio of assets held for consistently for the previous 24 months with no major works. We also report on all assets held continuously from 2015 – the baseline for our 5-year targets and on the total portfolio of assets for our Group wide reporting.

The 2020 EPRA Like-for-Like Portfolio will remain the same for our UK and Ireland Shopping Centres. Our EPRA LfL Portfolio for France Shopping Centres is reduced to four out of nine assets due to one disposal and one acquisition, and ongoing developments at two of the assets. The acquired asset AFUL Grand Ecran sits as part of one of our other assets, Italie Deux Shopping Centre, although they are managed separately in 2020. Due to unclear definition between the utility consumption of AFUL Grand Ecran and Italie Deux Shopping Centre throughout 2020, we are also excluding Italie Deux from the 2020 EPRA LfL Portfolio. Due to assets disposals in 2019 and 2020, the UK Retail Park EPRA LfL Portfolio includes eight out of nine assets in 2020.

Changes to the 2020 Portfolio

The following assets were disposed of during 2020:

- SQY Ouest Shopping Centre, Paris, France (disposed 21/05/2020)
- Abbey Retail Park, Newtownabbey, UK (disposed 12/02/2020)
- Premium VIA Outlets Portfolio (disposed 02/11/2020)

One asset was acquired for operational management in 2020, though this is part of the head property, Italie Deux:

- AFUL Grand Ecran, Paris, France (acquired 01/09/2020)

Mandatory GHG Reporting

Our 2020 mandatory GHG disclosures, contained in our Annual Report, covers the period from 01 January 2020 to 31 December 2020. This date aligns to our financial reporting and our other voluntary sustainability reporting.

Our 2020 report provides intensity metrics both for our mandatory GHG emissions and within our other voluntary carbon disclosures. The following intensity metrics are used:

- Mandatory GHG emissions - metric tonne CO_2e/£m profit before tax. This metric was selected as we believe it provides the clearest indicator of carbon emissions relative to business activity. It reflects profits from all business activity but excludes variations in capital value of assets making it a meaningful metric against which to measure our efficiency in terms of GHG emissions over time. As a standard accounting term it can also aid comparison of Hammerson's GHG Emissions performance with that of other businesses.

Our Scope 3 reporting includes emissions from water, waste and business travel. Scope 3 business travel includes:

- UK and Ireland; national and international air travel, rail, bus, fleet, personal car and taxi journeys
- France; air travel, rail and fleet

Travel data is collected from across the business at all levels through cash and credit card expenses by the administrative teams. In April 2018, we introduced a new online expenses system, Concur, which has enabled a new source of travel data logging and allows reporting of all expensed travel to calculate emissions per journey in the reporting year. We also include journeys provided by our external flight and train booking provider, Corporate Traveller, for UK corporate travel. To estimate mileage, an online mapping look-up tool is used based on “to” and “from” text descriptions to calculate the journey distance. Any gaps from this tool are manually calculated using an online distance calculator. The DEFRA 2020 GHG emissions factors are applied to calculate emissions per journey.

The UK business fleet data is based on the mileage of each vehicle at the time of its last service within quarter 3 of the reporting year, minus the last known mileage in quarter three of the previous reporting year. This has been adopted as the best means of estimating miles covered by the individual during the reporting period. The French fleet data is based on the contract mileage and the assumption that each vehicle has driven the full allowance of miles which were agreed between Hammerson and the leasing company. We have 17 leased vehicles in France and 4 in the UK. We do not have any leased vehicles in Ireland.

Our Scope 3 emissions from water are based on total landlord obtained water. The 2020 DEFRA emissions factors for water supply are used to calculate the carbon emissions.

Our Scope 3 emissions from waste include carbon emissions from landfilled waste, recycled waste and incinerated waste which is used for fuel. We use the 2020 DEFRA emissions factors for each waste stream.

The table on page 169 of the 2020 Annual Report and Accounts shows the Hammerson Group carbon emissions in Scopes 1, 2 and 3.

From April 2019, the revised Streamlined Energy and Carbon Reporting (SECR) regulations now require increased environmental reporting within the Annual Report and Accounts. This year the GHG Table in the Annual Report and Accounts includes total energy use. In accordance with SECR guidelines, energy consumption includes our consumption from natural gas, electricity and transport. Total energy use follows the same asset boundaries as the GHG reporting in the Annual Report and Accounts. Transport includes consumption in kWh from the UK and France fleet vehicles and fuel expensed for business travel using personal vehicles. Transport kWh have been calculated based on SECR factors found within the UK Government GHG Conversion Factors for Company Reporting.

Additional Voluntary Sustainability Reporting and Disclosures

Hammerson have published comprehensive data on our environmental and social impacts since 2010. This has included, and continues to include, emissions and energy intensity factors for the last three reporting years in line with EPRA Best Practice Reporting guidelines. The carbon intensity figures are calculated for our UK, Ireland and French portfolios as follows:

- Shopping centres - $kgCO_2e/m^2$ common parts (excluding car park emissions)
- Shopping centre car parks - $kgCO_2e$/ car parking space
- Retail parks - $kgCO_2e$/ car parking space

The intensity metrics in our environmental disclosures reflect only our energy based emissions sources. They do not include fleet, business travel emissions, or waste and water emissions in Scope 3. This ensures the reporting for our specific portfolios reflects accurately the energy emissions generated by the operation of the assets. This enables any improvement or worsening in energy efficiency to be accurately reflected over time for both like for like and absolute measures.

Social impacts

Hammerson have reported community investment and engagement data since 2010 using the London Benchmarking Group (LBG) guidelines for Direct and Indirect contributions. The data includes community investment and engagement at our development projects and at our standing assets in the UK, Ireland and France, and any corporate level community engagement activity. The community figures are provided across the shopping centre, retail parks and development portfolios for the UK and France via onsite teams into the

Community Engagement module within our Credit 360 platform. Our Head Office teams provide data for Hammerson's corporate contributions.

Emissions factors

All our environmental and community engagement data are recorded within a single data management system. This system applies a range of carbon emission factors to our Scope 1, 2 and 3 emissions. The following emissions factor sources have been used to calculate our 2020 GHG emissions:

- IEA 2020 emissions factors for all electricity consumption in France and Ireland assets
- DEFRA 2020 GHG emissions factors for Company Reporting for all other emissions at UK assets and business travel emissions in UK, Ireland and France
- Our market based reporting accounts for renewable energy contracts resulting in lower reported emissions. Market based emissions use residual factors from IEA 2020 emissions factors.

Method of Collection

Energy and waste data is entered into our data management system, Credit 360, on a monthly basis for our Retail Park assets in the UK and for our Shopping Centres in the UK, Ireland and France. This data is drawn from manual meter readings, automated meter uploads, invoices and data provided by our energy bureau service. The data is verified at three levels: by the Sustainability Data Analyst, Energy and Environmental Manager and Head of Sustainability. From April 2020 onwards, data verification was reduced to two levels for the UK and Ireland Shopping Centre Portfolios due to resource issues.

In 2016, we automated input of half-hourly energy consumption data for the Retail Parks portfolio. This is now automatically uploaded once a month into our environmental data management platform, Credit 360, for the majority of the portfolio, reducing the opportunity for human error and streamlining our data gathering process.

- Data is entered manually on a monthly basis for all of our UK, Irish and French shopping centres
- Data is provided on a monthly and quarterly basis by our external property managers for our Retail Parks

Hammerson

Positive Places

Throughout 2019 we have rolled out smart sub-metering at our UK assets. With the use of an automatic metering platform, we are able to receive and access more accurate consumption readings. This has enabled us to avoid data gaps due to Covid19 impacts in 2020.

Over 2017 and 2018 we have increased accuracy of assets where we have tenanted office spaces showing landlord obtained tenant consumption.
Corporate offices consumption is collated once a year through the property managers relative to the four office spaces occupied by Hammerson employees in London, Reading, Dublin and France. This data is included in the Credit 360 database and at Group and Country level in the Annual Report 2020. Corporate data is not reported at Group level within the Sustainability Report 2020.

Exceptions and Variations

- In circumstances where travel distances for calculating emissions per journey was not possible to obtain using an excel look up tool online, gaps were manually collected using the below sources:
    - Business related rail mileage for our French operation is calculated using the online mileage calculator found here http://distancefromto.net/.
    - Business related air-mileage was calculated using an online air miles calculator found here http://www.airmilescalculator.com/.
    - Business related mileage from rail, personal car, tube and taxi journeys were calculated using a UK specific online mileage calculator found here http://www.theaa.com/driving/mileage-calculator.
    - Where taxi journeys have been logged by cost only, we have used the Transport for London standard taxi tariff found here https://tfl.gov.uk/modes/taxis-and-minicabs/taxi-fares to estimate the distance travelled in km. The lower cost per mile is used in our calculation to remain conservative.
- Carbon emissions for Combined Heat and Power at WestQuay Southampton has been calculated using Engie bespoke emissions factors for both heating and cooling.
- Carbon emissions for Combined Heat and Power at Cergy 3, Italie 2 and Les Trois Fontaines has been calculated using the *Journal Official de la République Francaise, Avril 2020*.

- Electricity, gas and water data for our rented corporate premises at Aquis House and Dublin Town Centre Offices were estimated on an area basis using the whole building consumption report from the Property Managers.
- Water data for our rented corporate premises at Kings Place was estimated on an area basis using invoice data from the building Property Managers.

Estimated corporate consumption is responsible for <4% of Hammerson Group Carbon emissions using the location based approach. Energy and emissions data for four Leeds external car parks is not included due to unavailability of data. This is estimated to account for less than 1% of the total Group emissions from Scope 2.

Independent verification

Our mandatory GHG emissions disclosures and select voluntary sustainability disclosures have been independently assured by Deloitte LLP in accordance with the International Standard on Assurance Engagements Revised (ISAE 3000). This verification process has covered the following emissions disclosures for 2020 GHG emissions reporting and sustainability reporting:

Subject matter	Indicator
Carbon	• Total Scope 1 GHG emissions (tCO_2e) • Total Scope 2 GHG emissions (tCO_2e) • Total Scope 3 GHG emissions (tCO_2e) • Scopes1, 2 and 3 GHG emissions per an intensity metric chosen by Hammerson plc
Energy	• Total energy consumption (MWh) • Total electricity consumption (MWh) • Total natural gas consumption (MWh)
Water	• Water for landlord services (m3)
Waste	• Total Waste Quantity including shop-fit (tonnes) • Recycled waste (tonnes)

Additional indicators	
Targets	GHG emissions target (13% for L4L portfolio) (linked to remuneration reward) Private

Our Sustainability Report has been compiled in accordance with EPRA Sustainability Best Practice Reporting Standards and has been independently assured by JLL Upstream since 2010.

The Deloitte LLP and JLL Upstream independent assurance statements can be found on our website here.